

WORK FORCE SIZES

Participants' work force sizes average 988 employees globally, with an average of 87% of the work force located in the U.S.⁴ When analyzed by ownership category, independent publishers have the largest work forces, both in the U.S. and internationally. The table below summarizes participants' work force sizes.

Global Work Force Sizes as of July 2008

Ownership / Business Model Category	Total Global Work Force					Mean Distribution of U.S. and International Employees	
	n	10%	50%	Mean	75%	U.S.	Intl.
All participants	38	125	253	988	808	87%	13%
Independent publisher	8	458	1,456	1,291	2,367	63%	37%
Independent developer	8	89	122	183	155	94%	6%
Parent owned publisher	17	134	300	963	837	92%	8%
Parent owned developer	5		140	280		100%	0%

START OF FISCAL YEAR

Participants' revenue and employee turnover rates reported next in this section are effective for the last complete fiscal year. Most participants' fiscal years begin in January or April (and end in December or March). The table below reports participants' fiscal year starts.

Start of Fiscal Year

Start of Fiscal Year	Prevalence		Start of Fiscal Year	Prevalence	
	n	%		n	%
January	20	53%	July	3	8%
February	0	0%	August	0	0%
March	0	0%	September	0	0%
April	11	29%	October	3	8%
May	0	0%	November	1	3%
June	0	0%	December	0	0%

⁴ Participants were asked to report on global work force size of the software games organization. Independent participants reported on total global work force size. Parent owned participants reported on the work force size of the software games subsidiary or division. Parent company statistics are excluded from the analysis.

⁵ Mean is greater than 75th percentile in some cases due to a few large outlying values in the sample.

LAST FISCAL YEAR REVENUES

Twenty-nine participants reported last fiscal year revenues. Five participants with revenues to report were unable to report last fiscal year revenues either because they are divisions of parent companies and revenues cannot be separated, or for reasons of confidentiality. Four participants have recently started operations and earned no revenues last fiscal year. The table below summarizes participants' last fiscal year revenues.

Last Fiscal Year Revenues

Ownership / Business Model Category	Last Fiscal Year Revenues (\$M) ⁶				
	n	25 th	50 th	Mean	75 th
All participants	29	\$66.9	\$157.2	\$1,125.9	\$527.8
Independent publisher	8	\$59.9	\$712.0	\$1,143.7	\$1,964.3
Independent developer	4		\$52.9	\$113.4	
Parent owned publisher	15	\$87.8	\$157.2	\$1,520.4	\$527.8
Parent owned developer	2				

TURNOVER

Change in Employee Population from Start of Last Fiscal Year to End of Last Fiscal Year

Thirty-four participants reported on change of employee population during the last fiscal year. Twenty-six of the 34 reporting participants (76%) experienced headcount growth. Eight (24%) experienced reductions in work force size. The table below reports changes in employee population in the last fiscal year.

Change in Employee Population in Last Fiscal Year

Ownership / Business Model Category	Growth in Work Force Size				Reductions in Work Force Size				No Change in Work Force Size	
	n	%	% Growth		n	%	% Reduction		n	%
			50 th	Mean			50 th	Mean		
All participants	26	76%	18%	35%	8	24%	<12%	<10%	0	0%
Independent publisher	4	67%	16%	30%	2	33%			0	0%
Independent developer	6	75%	25%	42%	2	25%			0	0%
Parent owned publisher	13	81%	15%	23%	3	19%	<11%		0	0%
Parent owned developer	3	75%		78%	1	25%			0	0%

⁶ The mean exceeds the 75th percentile in some categories due to a broad range of revenues among participants.

⁷ The mean for the parent owned developer category greatly exceeds all other categories due to large percentage, but not necessarily numerical, growth of a few small developers.

Turnover Rates

Thirty-three participants reported on at least some types of separations.⁸ Turnover reflects the rate of employee separations as a percent of the participant's mean employee population.⁹ The tables below report turnover rates in the last fiscal year.

Turnover Rates by Employee Category

Employee Category	As a % of Mean Population in Last Fiscal Year											
	All Separations			Involuntary Separations (Other than Layoffs)			Layoffs Only			Voluntary Separations		
	n (with resp.)	50%	Mean	n (with resp.)	50%	Mean	n (with resp.)	50%	Mean	n (with resp.)	50%	Mean
All employees	33	18%	19%	29	3%	4%	19	3%	6%	32	11%	13%
Exempt	29	15%	18%	23	2%	3%	16	3%	6%	28	11%	13%
Non-exempt	23	20%	29%	16	7%	9%	12	8%	12%	20	12%	19%
Product development	24	19%	22%	18	3%	5%	11	6%	9%	24	12%	14%
Non-PD	21	20%	26%	17	4%	6%	11	3%	7%	19	14%	20%

Turnover Rates by Ownership and Business Model Category

Ownership / Business Model Category	As a % of Mean Population in Last Fiscal Year											
	All Separations			Involuntary Separations (Other than Layoffs)			Layoffs Only			Voluntary Separations		
	n (with resp.)	50%	Mean	n (with resp.)	50%	Mean	n (with resp.)	50%	Mean	n (with resp.)	50%	Mean
Independent publisher	5	18%	17%	5	3%	3%	4	4%	5%	5	11%	10%
Independent developer	8	10%	15%	8	2%	3%	2			8	9%	11%
Parent owned publisher	16	21%	25%	13	3%	5%	12	3%	6%	16	14%	17%
Parent owned developer	4	5%	8%	3		3%	1			3		6%

⁸ Note that while 33 participants reported on at least some types of separations for all employees, fewer were able to do so by employee category.

⁹ For companies whose employee populations increased in the last fiscal year, the value used for mean population is the average of work force sizes at the beginning and end of the fiscal year. For companies whose employee populations decreased in the last fiscal year, the value used for mean population is work force size at the beginning of the last fiscal year.

EXHIBIT B







EXHIBIT C



Performance Management

PAY FOR PERFORMANCE: 2008 Salary Budget Recommendations

Executive Review

November 28, 2007

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November 28, 2007

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Performance Management

AGENDA

➤ **Background**

- Compensation Philosophy & Strategy

➤ **Market Study**

- Salary Increase Budgets
- Market Analysis of Competitive Cash Compensation
- Review Of Past Practices

➤ **Recommendations**

- Pay Increase Budget
- Distribution Curve - Performance Rating and Merit Increase

➤ **Approval Process for 2008**

- Confirm process and timing for GWL & Board Comp Committee

➤ **Bonus Communication**

- 2007 Bonus Plans and Metrics Approval
- 2008 Bonus Plans

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Elements of Cash Compensation

For most employees at Lucasfilm, the elements of cash compensation will be base pay and annual bonus (short term incentive) payments. These elements will be used in benchmarking our total cash compensation to relevant positions in the external market.

Benchmarking

Lucasfilm will benchmark total cash compensation at the 50th percentile for most positions, using compensation surveys that are relevant to the specific job or job family. Positions that are defined as highly competitive and/or critical to achieving business objectives such as all studio and technical positions are be benchmarked at the 65th percentile.

Base Salary Adjustments (Merit Increases)

Base salary adjustments will be done annually, linked to employee performance reviews. The level of increases will be determined by analyzing both external market practices and company performance and then will be awarded based on individual performance.



Performance Management

Market Study

Salary Increase Budgets

Utilized Surveys

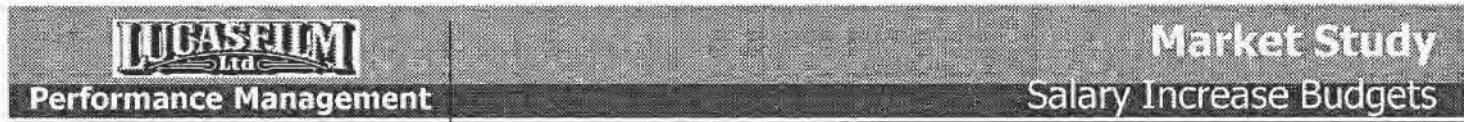
- Radford (Includes SW & Tech Industry in SF/Bay Area)
- Croner Entertainment and Educational Software (Gaming Industry)
- Croner Animation and Visual Effects in the (Film Industry)

Industry Specific Budgets

- Studios and Gaming

CPI

- San Francisco-Oakland-San Jose, CA – All items



Surveys

- Radford (AON):
- Croner EECS:
- Croner AVE:
- World at Work:

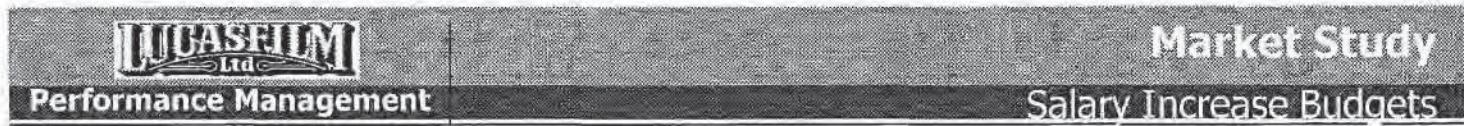
Merit

4.3%
4.2%
4.0%
4.0%

Including Promo/Adj

5.7%
5.6%
5.8%
5.0%

Note: Survey data is local information for Bay Area/Northern California



Studio/Network (updates ongoing)

Company	Merit		Promo/Adj		Total		Increase Effctv Date
	FY07	FY08	FY07	FY08	FY07	FY08	
Disney	4.5%	4.0%	2.0%	2.0%	6.50%	6.00%	4/1
Pixar	3.0%	3.0%	1.5%	1.5%	4.50%	4.50%	4/1
Sony	4.0%	4.0%	1.0%	1.0%	5.00%	5.00%	7/1
Dreamworks	4.0%	4.0%	1.0%	1.0%	5.00%	5.00%	4/1
Paramount	3.5%	3.75%	1.0%	1.0%	4.50%	4.75%	7/1
Universal	4.3%	4.0%	0.0%	1.0%	4.30%	5.00%	3/1
Electronic Arts	4.0%	4.0%	1.5%	1.5%	5.5%	5.50%	3/1
20th Century Fox	3.5%	3.5%	1.5%	1.0%	5.00%	4.50%	7/1
Warner Bros	4.5%	4.5%	0.5%	0.5%	5.00%	5.00%	1/1



Performance Management

Market Study

Salary Increase Budgets

CPI – 2007

- October 2007: 3.3%
- 1st Half 2007: 3.3%

CPI - 2006

- Annual: 3.2%
- 2nd Half 2006: 3.3%
- 1st Half 2006: 3.2%

Series Id: CUURA422SA0 CUUSA422SA0

Not Seasonally Adjusted

Area: San Francisco-Oakland-San Jose, CA

Item: All items

Base Period: 1982-84=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	1st Half	2nd Half
1987	2.7	3.1	4.1	3.7	3	3.1	3	3.6	3.4	3.6	3.6	4.2	3.4	3.2	3.6
1988		3.4		3.1		3.4		3.3		2.9		3	3.2	3.3	3.1
1989		3.8		4.6		3.8		4.1		4.8		4.2	4.2	4	4.4
2000		4.2		3.8		4.2		4.7		4.7		5.5	4.5	4	4.8
2001		6.5		5.8		6.6		5.1		4.5		3.5	5.4	6.2	4.7
2002		1.8		2.1		1.2		1.3		1.4		1.4	1.6	1.9	1.4
2003		3.3		2.2		1.6		1.4		1		1.1	1.8	2.3	1.2
2004		0.2		0.5		1.4		1.2		2		2.2	1.2	0.7	1.7
2005		1.6		2.1		1.1		2.2		2.8		2	2	1.7	2.2
2006		2.9		3.2		3.9		3.8		2.5		3.4	3.2	3.2	3.3
2007		3.2		3.3		3.4		2.6		3.3					3.3

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Performance Management

Market Study

Analysis of Competitive Pay Compensation

Excludes Executives and Senior Management

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